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Project Report

The Fiscal Impact of the South Hayward BART Area Form Based Code Project

Prepared for

Hall Alminana, Inc.

City of Hayward, CA

Submitted by

AECOM Technical Services:

ERA|AECOM

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I. General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of ERA|AECOM (formerly Research Associates or ERA) and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by ERA|AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of February, 2010 and ERA|AECOM has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made ERA|AECOM that any of the projected values or results contained in this study will actually be achieved.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

II. Introduction

In June of 2006, The City of Hayward adopted the South Hayward BART/Mission Boulevard Concept Design Plan (CDP). Through this CDP, Hayward seeks to plan and provide guidance for opportunities that will lead to transit-oriented development around the South Hayward BART Station and along Mission Boulevard (State Route 238) corridor. The Plan envisions a transit village around the BART station and an enhanced mixed use corridor along Mission Boulevard.

With the new Concept Design Plan in place, the City of Hayward is refining the zoning regulations for properties within the Project Area. Hall Alminana Inc. was retained to develop a Form-Based Code which could integrate the concept, vision and design guidelines of the 2006 Concept Design Plan with zoning regulations, subdivision standards, and design standards. The Form Based Code will provide clear guidance on what development will ultimately look like.

Hall Alminana Inc. in turn retained ERA|AECOM to provide perform two main tasks: 1) a market study and 2) a fiscal impact study of the potential development brought about by the Form Based Code. The market study was completed in October 2009. It provided an overview of the demographic and socioeconomic trends of the area as well as an analysis of the residential and retail markets. This analysis served as essential foundation for the development of the Form Based Code during a week-long design charrette where the community had an opportunity to shape the future of the area.

In this report, ERA|AECOM analyses the fiscal impact of the potential development that may be enabled by the Form Based Code. In a nutshell, ERA's fiscal model estimates Hayward's General Fund revenues and costs that will be associated with new development permitted by the new Form Base Code. ERA|AECOM also estimated the tax increment captured by the City of Hayward's Redevelopment Agency. This fiscal analysis document explains ERA's approach, methodology, data sources, and assumptions.

This report was prepared by the San Francisco office of ERA|AECOM. William "Bill" Lee served as project manager, and Ernesto Vilchis assisted with analysis and report preparation.

III. Executive Summary

ERA|AECOM has prepared an analysis of the fiscal impact of the potential development that the Form Based Code may encourage in the project area. ERA|AECOM analyzed two scenarios which reflect the level of development likely to be encouraged by the FBC at two points in time. The level of development assumed in the first scenario, **Scenario 1**, is based on the proposed Wittek Montana-project, which ERA|AECOM assumes will be completed and fully integrated into the project area by the year 2020. Scenario 1, therefore, is an analysis of the development impacts on the General Fund and Redevelopment Agency Tax Increment in the year 2020. The level of development assumed in **Scenario 2** is based on the demand projected in ERA|AECOM's market study prepared for the development of the Form Base Code. In the market study, ERA|AECOM presented high and low demand estimates for residential and retail uses by the year 2030. We used a midpoint between the high and low demand projections to estimate the level of development. Therefore, Scenario 2 is an analysis of the development impacts on the General Fund and Agency Tax Increments in the year 2030.

As detailed in the report, ERA|AECOM estimates that the development spurred by the Form Based Code in the project area will have a net negative impact on the General Fund of approximately -$379,000 per year in Scenario 1 and approximately $403,000 in Scenario 2. However, they would have a more than offset by the impact on the Hayward Redevelopment Agencies' Tax Increment generation. If the City's central concern is the impact on the General Fund balance, it could impose a new Community Services District (CSD) Fee on all new housing to offset the service requirements of the new population. If we assume a CSD of $500 per unit per year on all new housing developed from this point forward, including affordable housing units, then the General Fund balance would be positive as well. These impacts are summarized below.

	Scenario 1 2020	Scenario 2 2030
Estimated Annual General Fund Revenues Generated from South Hayward BART Station Area FBC	$380,360	$1,224,635
Estimated Annual General Fund Expenditures Generated from South Hayward BART Station Area FBC	$759,235	$1,627,218
Assumed CSD for New Housing at $500 per Unit [1]	$394,000	$886,500
Net Impact on City of Hayward General Fund	**$15,125**	**$483,917**
Annual Tax Increment Accrued to Redevelopment Agency as a result of new development in the S. Hayward BART Station Area FBC	$505,941	$1,835,880

[1] For all units including affordable units

The most significant General Fund revenue generators for the proposed development are Sales Taxes, and Property Transfer Taxes. The most significant costs incurred from the development will be police and fire services, which account for approximately 90 percent of total General Fund expenses.

Typically one of the larger municipal revenue generators is property tax. However, the project area is located within the Mission/Foothill Boulevard Corridor, which was added to the Downtown Redevelopment Project Area in 2001. Because of the redevelopment designation, the City of Hayward will receive lower property tax revenues for the City's General Fund. Therefore, while the net fiscal impact is negative to the General Fund without a CSD Fee on new development, the new development contributes significant tax increment to the Redevelopment Agency. ERA|AECOM estimates that Scenario 1 will generate more than $505,000 in annual revenue for the Redevelopment Agency. Scenario 2 will generate almost $1.8350 million in annual tax increment revenue.

IV. The Fiscal Analysis

ERA|AECOM used the City of Hayward's FY 2009 Budget to estimate the revenues and expenditures that would likely result from the incremental new development accommodated by the new Form Based Code. While the adopted 2010 Budget is available, ERA|AECOM, under the guidance of Hayward's Finance Department, decided to use the 2009 Budget. The 2010 Adopted Budget is not used because, due to the negative impact of the economy, the City's ability to deliver services to the community has been challenged requiring the City to implement employee furloughs, find additional employee savings measures developed by bargaining units, establish departmental cost cutting, and transfer certain assets to Utilities Funds. In general, the 2010 budget may not represent an average year for the City. Using Budgets for previous years was also not a viable option given that starting in 2009, the City introduced several organizational changes which may make it difficult to use prior years budgets in the expenditure area.

ERA|AECOM estimated sales and property tax revenues (including property transfer tax revenues) based on the amount of new development expected. Expenditures for police, and fire/rescue services were calculated using average service call costs. All other revenues and expenditures were forecasted as average impacts calculated based on the service population, or "resident equivalents," which includes residents as well as employees and students at Chabot Community College and California State University East Bay (CSUEB). For this analysis, the calculation of the service population weighted residents at 100 percent and employees and students at 33 percent.[1]

The fiscal impact analysis addresses two scenarios which reflect the level of development encouraged by the FBC at two points in time. The level of development assumed in Scenario 1 is based on the proposed Wittek Montana-project. Full build out of the project is assumed to take place five to ten years from 2010. The level of development assumed in Scenario 2 is based on the demand projected in ERA's market study. In the market study, ERA|AECOM presented high and low demand estimates for residential and retail uses by the year 2030. ERA|AECOM uses an average of the high and low demand projections to estimate the level of development.

A "fixed" or "variable" factor was applied to each line item estimated using the service population approach, representing the extent to which each revenue or cost category is more fixed, where additional residents and employees would make little difference (such as government grants), or more variable (such as fees paid directly by residents for services they receive). The fixed and

[1] This is based on the assumption that students are in the City 8 hours per 24 hour period.

variable factors for each line item are consistent with previous fiscal impact studies in the area, as well as more recent fiscal impact studies conducted within the City.[2]

The analysis and results are presented in current 2010 dollars, rather than inflated to a future nominal value. If all costs and revenue were inflated at the same rate, the conclusions would not be different. If costs and revenues were inflated at different rates, the results would in part reflect the inflation rates selected for the line items.

As previously stated, this analysis presents snapshots of the impact to the General Fund and Agency Tax Increments at two points in time: the years 2020 and 2030. An alternative would be to carry out an analysis that looks at the impact on an annual basis over the 20 year period. However, given that phasing for the projected development is unknown, the results of a time series analysis would be largely determined by assumptions about development phasing.

Development Description

The Form Based Code proposes a change in total capacity of retail space and residential units. Given that actual development typically does not reach zoning capacity, ERA|AECOM assumes that actual development will more closely reflect projected market demand. The pace at which actual development will take place is uncertain. However, the core of the plan area (e.g. BART parking lots and all parcels fronting Mission Boulevard between Tennyson Rd and Valle Vista Avenue) provides the greatest opportunity for development in the near term. In fact, Connecticut-based developer Kurt Wittek has partnered with football legend, Joe Montana, to build a $300 million, mixed-use project, which will ultimately consist of 788 residential units (market and affordable) as well as 65,000 square feet of retail and a 910-space parking garage. Due to the current economic conditions as well as the need to ensure adequate BART parking, the project is proposed to be developed in four phases. The exact timeline has not been established, but a relatively conservative estimate is that the project will be completed in the next five to ten years. Besides the Wittek Montana project, ERA|AECOM assumes that development in the area will be limited in the near term (by the year 2020). For this reason, the proposed Wittek-Montana project is used as the level of new development by the year 2020: **Scenario 1**.

[2] In 2006, Strategic Economics completed a "Fiscal Analysis of Four Development Scenarios" for the South Hayward BART/Mission Blvd. Concept Plan. More recently, In 2009, PMC completed a "Fiscal Impact Analysis for Mt. Eden Phase II, Reorganization Project". To the extent plausible, ERA|AECOM's fiscal impact analysis is consistent with the assumptions and methodology in those studies.

ERA|AECOM has also projected the level of retail and residential demand that the project area will be able to capture 20 years from today as result of the establishment of the FBC. Based on the findings of our market analysis, ERA|AECOM projects that, by the year 2030, the project area will be able to support 156,000 to 203,000 square feet of retail space and 1,300 to 1,600 residential units The projected demand serves as a good estimate of the level of development that can be expected in the long term (approximately by the year 2030). For this reason ERA|AECOM uses these estimates as the long-term scenario: **Scenario 2**.

Development Scenarios 1 and 2 are presented in **Table 1.**

Hayward Demographics

The pertinent demographic information used to calculate service cost and revenues are presented in **Table 2**. Population projections were collected from the California State Department of Finance. Employment data are from the Association of Bay Area Governments (ABAG). In order to estimate 2009 employment estimates for Hayward, ERA|AECOM interpolated ABAG numbers to reflect current economic conditions. College Enrollment estimates are based on information from the Chabot College Educational Master Plan (January 2005), and CSUEB CY 2005-06 Target and Multiyear Planning Estimates and Parameters to Support CY 2006-07 Capital Planning.

The projected gain in residents and employees as a result of the new development permitted by the FBC is shown in **Table 3** and **Table 4** respectively. ERA|AECOM estimated the number of new residents by applying the average household size of 2.4 for townhomes, 2.2 for condominiums, and 2.1 for multi-family (market rate) units. Household sizes are consistent with the Fiscal Analysis of the South Hayward BART/Mission Boulevard Concept Plan prepared by Strategic Economics in 2006. ERA|AECOM also assumes that, due to the presence of a significant number of senior affordable units in the Wittek-Montana project, household size of multi-family affordable housing units is two. With these assumptions, Scenario 1 is expected to add approximately 1,700 new residents to the project area. By 2030 (Scenario 2), new residential development is assumed to add almost 3,800 new residents to the project area.

Using ERA|AECOM Industry Standard of 2.86 employees per 1,000 square feet of building space, ERA|AECOM estimated the number of employees that are expected to work within new development. The number of projected employees is 185 under Scenario 1 and 514 in Scenario 2.

Service Population

Local residents, employees, and college students generate revenue for the City as well as the need for municipal services. However, since employees and students are typically in their office buildings,

retail shops, or school during their working hours and not in town on weekends, they tend to require fewer services as compared to residents. In addition, intergovernmental and other municipal revenue sources are often related more directly to resident population than to the number of employees. To obtain a number that shows the per person served equivalent contribution to city revenues, ERA|AECOM calculated a service population that weighted the 2009 residents at 100 percent and the 2009 employees and college students at 33 percent. Combining these factors with estimates presented in **Table 2**, the estimated total service population that was used to estimate non-development specific revenue generation is 183,990. ERA|AECOM also uses this estimate of service population to estimate city expenditures per person served.

General Fund Revenues and Expenses

In addition to applying development based or service population based estimates of General Fund revenue and expenditure, certain municipal line item revenues or costs vary more with growth and development than others. For example, on the cost side, library and public works cost varies more with population growth than City Council, City Clerk and City Attorney costs. The detailed methodology ERA|AECOM has used to estimate General Fund revenues by line item are shown in **Table 5**. Sales and Property Tax Revenue, and property Transfer Tax Revenue estimates were based upon the types and amounts of new development. City expenditures and the methodology used in our analysis are detailed in **Table 6**. Fire and Police services are based on the number of annual service calls and the average budget by department. All other revenues and expenditures in this table are shown using a service population estimate calculated by ERA|AECOM and described above.

Property Tax Impacts

In **Table 7**, ERA|AECOM estimated the property tax impacts of Scenario 1 and 2 development that is assumed to take place in the project area. Estimates of assessed value per square foot were obtained using CoStar and sales data from Real Estate Economics and Redfin.com. ERA|AECOM assumes that property values in Scenario 1 remain relatively constant compared to 2010 prices. In Scenario 2, ERAs assumes a conservative property appreciation rate (in real terms) of one percent per year for retail space and rental residential units and two percent for ownership residential units. ERA|AECOM multiplied the proposed building space and the number of residential units times the estimated value per square foot or residential unit to arrive at an average annual assessed value for the uses on-site. The average annual assessed value is then applied to the one percent property tax rate. Assuming the level of development in Scenario 1, we estimate that gross property taxes will total approximately $1.463 million and approximately $5.312 million per year under Scenario 2. This value, however, represents the total property tax collected on the new development. Because the project

area is part of the City of Hayward's redevelopment area, its base property assessed valuation is frozen at the time the area was integrated into the redevelopment area. By law, any increases in property tax above the base in the redevelopment area associated with new development, are transferred to the redevelopment agency after allocation for housing set-aside and pass through to other taxing agencies. For this reason it is necessary to estimate increases in property tax above the base. In our Scenarios, we have assumed that new development takes place within the project area but not specifically where within the project area this new development will take place. It is reasonable to assume that most new development will take place on vacant parcels or underutilized parcels, such as the BART parking lots, or outdated retail spaces. Given that the exact location of the future development is unknown, we estimate the baseline assessed value as a percentage (20 percent) of the total assessed value for the new development. Twenty percent corresponds, approximately, to the land costs associated with the development. Using this assumption, the estimated tax increment is $1.171 million in Scenario 1 and $4,249 million in Scenario 2. These calculations are also shown in **Table 7**. As previously stated, the tax increment is divided between the City's Redevelopment Agency, an affordable housing fund, and other taxing agencies according to a complex formula.

To estimate the allocation of the tax increment that goes to City's General Fund we follow the following methodology: 1) A 20 percent low and moderate income housing set aside is taken off the top; 2) An additional 20 percent of the total (or 25 percent of the tax increment net of the housing set aside) is passed through to all other taxing entities including the City of Hayward General Fund, which receives 15.30 percent share of this amount; 3) A new base year is declared in 2013;[3] 4) For the increment above this new higher base year amount, an additional 21 percent is passed through to other taxing jurisdictions with no share for the City of Hayward.[4]

Using this formula, ERA|AECOM estimates that total revenue accrued to the General Fund will be approximately $36,000 in Scenario 1 and $130,000 in Scenario 2. While these revenues are small, the net tax increment revenue that goes to the City of Hayward's Redevelopment Agency (i.e. tax

[3] ERA|AECOM assumes that during the next two to three years, real estate development will be primarily in the affordable housing sector. Therefore, all the development assumed in Scenario 1 and 2 is likely to be built after the new baseline is established.

[4] This is the second tier pass through. The first pass through is 20 percent in years 1-40. Tier two pass through ad 16.8 .8 percent in years 11-40 (base year 10). Tier three adds 11.2 percent in years 31-40 (base year 30). Since, Scenario 2 examines the impact of development in the year 2030, Only tiers one and two apply.

increment net of housing set aside and pass-throughs to other agencies) is significantly larger; approximately $505,000 in Scenario 1 and $1.836 million in Scenario 2. See **Table 8.**

These revenues do not include tax increment from the appreciation of existing properties in the project area. ERA|AECOM identified 73 residences and approximately 530,000 of commercial space within the project area. However, additional general fund from an increase in the value of existing residences and commercial space is likely to be limited, For example, assuming current land values as a baseline, annual appreciation of three percent for residential properties and 1 percent for commercial space, and 100 percent turnover by the year 2020 and 100 percent turnover by the year 2030, additional revenue going to the General Fund would be less than $10,000 per year by the year 2020 and between $10,000 and $12,000 per year by the year 2030. Tax increment going to the Redevelopment Agency from property appreciation would be approximately $83,000 per year by the year 2020 and $183,000 per year by the year 2030.

Property Transfer Tax

The City currently has a transfer tax which applies upon sale of the property at a rate of $4.50 per $1,000 of its sales price. New development within the project area will therefore generate property transfer tax as those properties change ownership though time. To estimate the annual property transfer tax that the projected new development will generate for the City, ERA|AECOM assumes that residential, owner-occupied units are resold (turnover) every seven years. Rental units (excluding affordable units) are assumed to turn over every ten years.[5] Retail space is projected to turnover every eight years. Turnover rates are based on industry averages. These turnover rates are used to estimate the number of units that change hands on any given year under both Scenarios.

Under these assumptions, Scenario 1 is projected to generate approximately $92,000 in Property Transfer Tax revenues per year. Scenario 2 is projected to generate approximately $322,000 per year. See **Table 9**.

Sales Tax Impacts

New commercial development encouraged by the FBC in the project area will provide the City with new sales tax revenue. The sales tax breakdown for the City of Hayward is illustrated in

[5] Given requirements by funding sources of Low Income Housing, Affordable housing is not likely to change hands frequently. The Tax-Credit compliance period for example is 15 years.

Table 10**.** The data is from the City of Hayward's Finance Department. This information is used to estimate the expected sales tax revenues from the new retail space within the project area.

The projected sales tax revenues from the retail and restaurant development accommodated in the project area are shown in **Table 11**. ERA|AECOM used the findings of the market study to estimate an average annual sales per square foot of $450 for Grocery/Drug Store and $300 for Other Retail. Estimated annual sales are estimated by multiplying these factors times the projected new retail floor space under each of the scenarios. Annual retail sales are then adjusted to account for the share of sales that are taxable. ERA|AECOM assumes that up to two-thirds of sales are Grocery Stores are non taxable, while only five percent of sales are non taxable in Other Retail. With almost 65,000 square feet of new retail and restaurant development (Scenario 1) the City will earn an additional $79,000 in sales tax revenue per year. In Scenario 2, with 180,000 square feet of retail, the City will earn an additional $377,000 in sales tax revenue per year.

Some of the sales tax revenue generated by the new retail space in the project area will be diverted from other retailers in the City of Hayward. However, there will also be some additional sales tax revenue resulting from purchases by the new residents in the project area. Part of the expenditures by these households will take place within the project area, others will take place elsewhere in the City of Hayward, and the rest will take place outside of the City. An estimate by ERA|AECOM shows that the diversion effect and the indirect sales tax revenue generated by the new households offset each other.

Fire and Police Services

Costs for Police and Fire are based on the number of annual service calls and the average budget per department. According to the Police Department, there were a total of 141,513 service calls to the Police Department in 2009. The Fire Department meanwhile received 14,500 service calls in 2009. To estimate the current average cost per call, ERA|AECOM divided the 2009 estimated expenditures for 2009 for each of the departments by the number of calls that received by each of the departments.[6] The average cost per call is $340 for the Police and $1,548 for the fire department.

To estimate the number of calls per person, ERA|AECOM divided the total number of calls by the daytime service population in 2009. The police department averages 0.77 calls per daytime resident served, while the fire department averages 0.08 calls per daytime resident.

[6] Budget figure includes only the general fund subsidy portions of the departmental costs.

To estimate the costs to the Police and Fire Departments of serving the projected population that the new development is projected to generate, ERA|AECOM multiplied the cost per person served by the number of calls that the projected service population in the project area under each of the two scenarios is likely to make (residents were weighted at 100 percent and employees at 33 percent). Using this methodology, ERA|AECOM estimates that under Scenario 1 the annual costs of servicing the population and employees associated with new development in the project area is $454,000 for the Police Department and $212,000 for the Fire Department. Under Scenario 2, the annual costs of providing services are $1million for the Police Department and $484,000 for the Fire Department. These calculations are detailed in **Table 12**.

Summary of General Fund Revenues and Expenses Generated

The net fiscal impact of both scenarios is negative to the General Fund. However, the new development contributes significant tax increment revenue to the Redevelopment Agency. In **Table 13** ERA|AECOM presents a summary of expected revenues generated from Scenarios 1 and 2. The table incorporates data from preceding tables. In Scenario 1, total estimated annual General Fund revenues are just over $380,000. In Scenario 2, as development increases, annual General Fund revenues increase by $1.225 million.

The expected expenditures associated with each of the two scenarios are shown in **Table 14**. The total General Fund Expenditures in Scenario 1 are almost $760,000 per year. In Scenario 2, General Fund Expenditures increase to $1.627 million per year.

The total fiscal impact on the General Fund is shown in **Table 15**. Both scenarios generate net losses in the City's General Fund. In Scenario 1, General Fund Expenses exceed Revenues by more than $378,000 per year. In Scenario 2, General Fund Expenses exceed Revenues by more than $400,000 per year. The primary reason the impact to the General Fund is negative is that the project area is part of a redevelopment area.[7] Under Redevelopment Law, as the net tax capacity of the redevelopment area increases, the property taxes (i.e., the tax increment) paid by this increase in value is dedicated and paid to the development authority. Therefore, as explained below, when the tax increment revenue to the Redevelopment Agency are taken into account, both Scenarios are beneficial to the City as a whole.

[7] The project area is located within the Mission/Foothill Boulevard Corridor, which was added to the Downtown Redevelopment Project Area in 2001.

However, if the City's central concern is the impact on the General Fund balance, it could impose a new Community Services District (CSD) fee on all new housing to offset the service requirements of the new population. If we assume a CSD of $500 per unit per year on all new housing developed from this point forward, then the General Fund balance would be positive as well (see **Table 16**).

Tax Increment

Because of the redevelopment designation, the City of Hayward receives lower property taxes towards the General Fund, tilting the analysis toward a negative impact. However, it is assumed that the Redevelopment Agency will retain all tax increment revenue (net of housing set asides and pass throughs to other entities) and will use the funds to pay for capital improvements in the area. ERA|AECOM estimates that the Redevelopment Agency will capture approximately $505,000 annually under Scenario 1 and almost $1.835 million per year under Scenario 2. These funds will be used toward capital improvements which will foster new development in the project area; development which, absent this investment, may otherwise not occur.

Table 1: Projected New Development Scenarios for Project Area

	Development Scenarios	
	Scenario 1[a]	Scenario 2[b]
Residential		
For Sale Units	341	879
Townhomes	21	88
Condomimums	320	791
Rental Units		
Multi-Family (Market Rate)	241	586
Multi-Family (Affordable)	206	308
Total Residential Units	**788**	**1,773**
Retail (Sq. Ft.)	**64,600**	**180,000**

[a] Based on Wittek-Montana Proposal.

[b] Based on midpoint of 2030 demand projections.

Source: City of Hayward, 2009; ERA|AECOM, 2010.

Table 2: Demographic Information on Hayward Residents, College Students, and Employees

Description	2009
Total Hayward Residents	150,878
Total Hayward Households	46,059
Average Household Size	3.28
Total Employees in Hayward	71,178 [1]
CSUEB Enrollment	11,500 [2]
Chabot Comm. College Enrollment	16,657 [3]

[1] Number is interpolated from estimated compounded annual growth rate from 2005 to 2010.

[2] CSU Enrollment Planning, Targest and Planning Estimats, June 30, 2005.

[3] Chabot College Educational Master Plan, January 2005. 2008 intrapolated from 2005 actual and 2015

Source: ABAG, 2009; California Department of Finance, 2009; California State University, 2005; ERA, 2010.

Table 3: Expected Net Gain in Residents from Plan

	Residents per Unit	Scenario 1 Units	Scenario 1 Total Residents	Scenario 2 Units	Scenario 2 Total Residents
For Sale Units		341	748	879	1,936
Townhome	2.4	21	50	88	211
Condomimum	2.2	320	698	791	1,725
Rental Units					
Multi-Family (market rate	2.1	241	513	586	1,248
Multi-Family (affordable)	2.0	206	412	308	615
Total	2.1	**788**	**1,673**	**1,773**	**3,799**

Source: South Hayward BART/Mission Blvd. Concept Plan. Fiscal Analysis of Four Development Scenarios, Strategic Economics, 2006; ERA, 2010.

Table 4: Expected Net Gain in Employees from Plan

Scenario 1	
Gross Retail Square Footage	64,600
Retail Employee(s) per 1,000 square feet	2.86
Total Retail Employees	**185**
Scenario 2	
Gross Retail Square Footage	180,000
Retail Employee(s) per 1,000 square feet	2.86
Total Retail Employees	**514**
Expected Gain in Employees	
Scenario 1	**185**
Scenario 2	**514**

Source: ERA, 2010.

Table 5: City Revenues for Fiscal Year 2009

Service Population	2009
Total Residents	150,878
Total Employees	71,178
Total College Students	28,157
Total Service Population[1]	183,990

			Factors			
				Distribution Rate		
Description by Entity	Amount	Methodology	Gross per Person Served	Fixed	Variable	Net per Additional Person Served
Revenues						
Property Tax	$40,123,251	Development Based	-	-	-	-
Sales Tax	$25,630,178	Development Based	-	-	-	-
Utility Users Tax	$0 [2]	Service Population[1]	$0.00	0%	100%	$54.35
Franchise Fees	$8,400,422 [3]	Service Population[1]	$45.66	75%	25%	$11.41
Other Taxes	$4,361,258 [4]	Service Population[1]	$23.70	75%	25%	$5.93
Licenses, Fees, and Svc Chgs	$4,146,730 [5]	Service Population[1]	$22.54	50%	50%	$11.27
Other Revenue	$3,374,501 [6]	Not Applicable	-	-	-	-
From Other Agencies	$4,771,989 [7]	Service Population[1]	$25.94	75%	25%	$6.48
Real Property Trsfr Tax	$3,852,507	Development Based	-	-	-	-
Construction Related	$3,392,916 [8]	Not Applicable	-	-	-	-
All Other	$2,521,389 [9]	Service Population[1]	$13.70	25%	75%	$10.28
Total Revenues	**$100,575,141**					

[1] Weights Residents at 100% and Employees at 33%

[2] Utility User Fees are based on 2010 Budget numbers and 2008 population data

[3] Includes waste management, water, sewer, PG&E, and cable franchises.

[4] Includes business license and emergency facilities taxes. Excludes transient occupancy tax.

[5] Includes fees and service charges for police and fire services and residential rental inspections

[6] Includes Fairview Fire Protection District, Worker's Comp Salary Reimbursable, and Other.

[7] Includes police grants and reimbursements, public safety tax allocation, vehicle license fee, fire EMS reimbursement, fire mutual aid reimbusresment, library grants , and other.

[8] Includes construction permits, supplemental improvement tax, new construction inspection, and plan checking fees.

[9] Includes fines and forfeitures, and interest and rents.

Source: City of Hayward FY 2009 Preliminary General Fund Results, ABAG, ERA|AECOM 2010.

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Table 6: City Expenses for Fiscal Year 2007-2008 and Associated Changes

Service Population	2009
Total Residents	150,878
Total Employees	71,178
Total College Students	28,157
Total Service Population[1]	183,990

Description by Entity	Amount	Methodology	Factors: Gross per Person Served	Distribution Rate: Fixed	Distribution Rate: Variable	Net per Additional Person Served
Expenses						
General Government						
City Attorney	$1,321	Service Population[1]	$7.18	95%	5%	$0.36
City Clerk	$690	Service Population[1]	$3.75	95%	5%	$0.19
City Manager	$1,327	Service Population[1]	$7.21	95%	5%	$0.36
Finance	$2,784	Service Population[1]	$15.13	95%	5%	$0.76
Human Resources	$3,026	Service Population[1]	$16.45	95%	5%	$0.82
Mayor and Council	$590	Service Population[1]	$3.21	95%	5%	$0.16
Non-Departmental	$5	Service Population[1]	$0.03	95%	5%	$0.00
Technology Services	$70	Service Population[1]	$0.38	95%	5%	$0.02
Total General Government	$9,813					
Public Safety						
Fire	$27,911	Case Study		5%	95%	
Police	$51,547	Case Study		5%	95%	
Total Public Safety	$79,458					
Public Works and Maintenance						
Public Works	$2,766	Service Population[1]	$15.03	5%	95%	$14.28
Maintenance Services	$3,546	Service Population[1]	$19.27	5%	95%	$18.31
Total PW and Maintenance	$6,312					
Development Services	$5,284	Service Population[1]	$28.72	95%	5%	$1.44
Library and Neighborhood Svcs	$5,999	Service Population[1]	$32.61	5%	95%	$30.97
Total Expenditures	**$106,866**					

[1] Weights Residents at 100% and Employees and College Students at 33%
Source: City of Hayward, 2009; ABAG, 2009; ERA|AECOM, 2010.

Table 7: Total Assessed Property Values and Gross Tax Increment Revenues from Property Taxes

Land Use	Units[1]	Average Price per SF/Unit	Total Average Annual Assessed Value	Property Tax	Property Tax Collected on Gross Gain Assessed Value
Retail (Square feet)					
Scenario 1	64,600	$200	$12,920,000	1.0%	$129,200
Scenario 2	180,000	$221	$39,766,397	1.0%	$397,664
Residential (Units)					
Scenario 1					
Townhome - for sale	21	$425,000	$8,925,000	1.0%	$89,250
Condominium - for sale	320	$375,000	$120,000,000	1.0%	$1,200,000
Apartment - rental (market rate)[3]	35	$130,000	$4,550,000	1.0%	$45,500
Apartment - rental (affordable)[4]	206				
Total Scenario 1	788		$133,475,000		$1,334,750
Scenario 2					
Townhome - for sale	88	$518,000	$45,532,200	1.0%	$455,322
Condominium - for sale	791	$457,000	$361,532,700	1.0%	$3,615,327
Apartment - rental (market rate)	586	$144,000	$84,384,000	1.0%	$843,840
Apartment - rental (affordable)[4]	308				
Total Scenario 2	1,773		$491,448,900		$4,914,489

	Property Tax Collected on Gross Gain Assessed Value	Tax Increment from AV at 1%, Net of Baseline Assessment[6]
Scenario 1	**$1,463,950**	**$1,171,160**
Scenario 2	**$5,312,153**	**$4,249,722**

[1] Retail is measured in square feet. Residential is measured in number of units.

[2] Average price per square foot of retail is assumed to appreciate at three percent per year.

[3] Per unit value is estimated assuming monthly rents of $1,250, net operating income of 60 percent, and a Cap rate of 7 percent.

[4] Assumes that 125 affordable family units and 81 units of senior housing are tax exempt. The number of affordable units in Scenario 2 assumes that 15 percent of all new units built after the Wittek Montana project is completed are affordable, per the Inclusionary Housing ordinance.

[5] Residential ownership units are assumed to appreciate four percent per year. Residential ownership units are assume to appreciate three percent per year.

[6] Assumes that 20 percent of the assessed value of each property represents land value. The remaning 80 percent is for the improvements and it represents the gross tax increment before passthrough and affordable housing set asides.

Source: Alameda County, 2009; ERA|AECOM, 2010.

Table 8: Distribution of Tax Increment

	Scenario 1	Scenario 2
Gross Tax Increment	$1,171,160	$4,249,722
Gross Housing Set Aside (20%)	234,232	849,944
Increment Remaining After Housing Set Aside	936,928	3,399,778
Less Pass Through Payments to Other Entities		
Tier 1 (25 percent)	234,232	849,944
Tier 2 (21 percent)	196,755	713,953
Total Pass Through Payments[a]	430,987	1,563,898
Redevelopment Agency Tax Increment	**505,941**	**1,835,880**
Breakdown of Pass Through Payments		
Pass through to other entities	395,149	1,433,856
Pass through to City of Hayward GF[b]	35,837	130,042
Total Pass Through Payments	430,987	1,563,898

[a] Tier 3 adds 11.2 percent in years 31-40. However, this time period is not included in this analysis.

[b] In 2007-08, The City of Hayward's share of totl passthrough (post ERAF) was 15.30. In 2009, the City of Hayward's share was 16.24 percent. ERA assumes that 15.30 of each passthrough goes to the City

Source: ERA|AECOM, 2010.

Table 9: Annual Property Transfer Tax Revenues

Land Use Category	Turnover Rate[a]	Scenario 1	Scenario 2
Retail space	8	$7,268	$22,369
Townhome - for sale	7	$5,738	$29,271
Condominium - for sale	7	$77,143	$232,414
Apartment - rental (market rate)[3]	10	$2,048	$37,973
Average Annual Property Transfer Tax Revenue		$92,195	$322,026
Assumptions			
Transfer Tax Rate (per $1,000 property value)	$4.5		

[a] Rate at which properties in each category are sold in number of years

Source: CaliforniaCityFinance.com; ERA|AECOM, 2010.

Table 10: Sales Tax Rate by Jurisdiction

Purpose	Rate
State's General Fund	6.00%
City of Hayward	0.75%
Fiscal Recovery Fund Prop. 57 & 58	0.25%
AC Transit	0.50%
Local Transporation	0.25%
BART	0.50%
County Public Health (Measure A)	0.50%
County Health & Welfare	0.50%
Public Safety (Prop. 172)	0.50%
Total Sales Tax	**9.75%**

Souce: City of Hayward Finance Department, 2009

Table 11: Annual Project Sales Tax Estimate

	Scenario 1	Scenario 2
Retail Space (square feet)		
Grocery/Drug Store	58,000	58,000
Other Retail	6,600	122,000
Total	64,600	180,000
Estimated Annual Sales per Square Foot ($)		
Grocery/Drug Store	$450	$500
Other Retail	$300	$350
Taxable Proportion of Sales		
Grocery/Drug Store	33%	33%
Other Retail	95%	95%
Estimated Taxable Sales		
Grocery/Drug Store	8,700,000	9,666,667
Other Retail	1,881,000	40,565,000
Total	$10,581,000	$50,231,667
City Share of Sales Tax	0.75%	0.75%
Total City Revenue from Sales Tax	$79,358	$376,738

Source: ERA|AECOM, 2010

Table 12: Estimated Police and Fire Services Expenditures

	Police Department	Fire Department	
Annual Service Calls in 2009	141,513	14,500	
2009 Estimated Expenditures ($)	$48,117,623	$22,440,321	
Variable Cost	$45,711,742	$21,318,305	
Cost per Call ($)	$340	$1,548	
Population Served[1]	183,990	183,990	
Average Calls per Person	0.77	0.08	
	Scenario 1	**Scenario 2**	**Weight**
Residents	1,673	3,799	100%
Employees	185	514	33%
Population Served	1,735	3,970	
	Scenario 1	**Scenario 2**	
Police	$453,705	$1,038,319	
Fire	$211,592	$484,234	

Estimated expenditures for 2009 are general fund subsidy portion, per FY 2010 Budget.
Source: Hayward Fire and Police Departments, 2010; City of Hayward, 2009; ERA|AECOM, 2010.

Table 13: Projected Revenues from Potential Development Encouraged by FBC

Revenue Category	Residents				Employees				Residents and Employees	
	Weight of Residents	Revenue Per Resident Served	Scenario 1	Scenario 2	Weight of Employees	Revenue Per Employee Served	Scenario 1	Scenario 2	Scenario 1	Scenario 2
Property Tax	-	-	-	-	-	-	-	-	$35,837	$130,042
Sales Tax	-	-	-	-	-	-	-	-	$79,358	$376,738
Utility Users Tax	100%	$54.35	$90,947	$206,470	33%	$17.94	$3,310	$9,224	$94,257	$215,694
Franchise Fees	100%	$11.41	$19,100	$43,361	33%	$3.80	$702	$1,957	$19,802	$45,318
Other Taxes	100%	$5.93	$9,916	$22,512	33%	$1.98	$365	$1,016	$10,281	$23,528
Licenses, Fees, and Svc Chgs	100%	$11.27	$18,857	$42,809	33%	$3.76	$693	$1,932	$19,550	$44,741
Other Revenue	-	-	-	-	-	-	-	-	-	-
From Other Agencies	100%	$6.48	$10,850	$24,632	33%	$2.16	$399	$1,112	$11,249	$25,743
Real Property Trsfr Tax	-	-	-	-	-	-	-	-	$92,195	$322,026
Construction Related	-	-	-	-	-	-	-	-	-	-
All Other	100%	$10.28	$17,198	$39,044	33%	$3.43	$632	$1,762	$17,831	$40,806
Total Revenues									**$380,360**	**$1,224,635**

Source: ERA|AECOM, 2010.

Table 14: Expenses from Potential Development Encouraged by FBC

	Residents				Employees				Residents and Employees	
Expense Category	**Weight of Residents**	**Cost Per Resident Served**	**Scenario 1**	**Scenario 2**	**Weight of Employees**	**Costs Per Employee Served**	**Scenario 1**	**Scenario 2**	**Scenario 1**	**Scenario 2**
General Government										
City Attorney	100%	$0.36	$601	$1,364	33%	$0.12	$22	$62	$623	$1,425
City Clerk	100%	$0.19	$314	$712	33%	$0.06	$12	$32	$325	$744
City Manager	100%	$0.36	$603	$1,370	33%	$0.12	$22	$62	$626	$1,432
Finance	100%	$0.76	$1,266	$2,874	33%	$0.25	$47	$130	$1,313	$3,004
Human Resources	100%	$0.82	$1,376	$3,124	33%	$0.27	$51	$141	$1,427	$3,265
Mayor and Council	100%	$0.16	$268	$609	33%	$0.05	$10	$27	$278	$637
Non-Departmental	100%	$0.00	$2	$5	33%	$0.00	$0	$0	$2	$5
Technology Services	100%	$0.02	$32	$72	33%	$0.01	$1	$3	$33	$76
Total General Government		$2.67	$4,462	$10,130	33%	$0.89	$164	$457	$4,626	$10,588
Public Safety										
Fire									$211,592	$484,234
Police									$453,705	$1,038,319
Total Public Safety		$0.00	$0	$0		$0	$0	$0	$665,297	$1,522,553
Public Works and Maintenance										
Public Works	100%	$14.28	$23,898	$54,254	33%	$4.76	$879	$2,448	$24,777	$56,703
Maintenance Services	100%	$18.31	$30,637	$69,554	33%	$6.10	$1,126	$3,139	$31,764	$72,692
Total PW and Maintenance		$32.59	$54,535	$123,808		$10.86	$2,005	$5,587	$56,541	$129,395
Development Services	100%	$1.44	$2,403	$5,455	33%	$0.5	$88	$246	$2,491	$5,701
Library and Neighborhood Svcs	100%	$30.97	$51,831	$5,455	100%	$31.0	$5,717	$15,930	$57,548	$21,385
Total Expenditures									**$759,235**	**$1,627,218**

Source: ERA|AECOM, 2010.

Table 15: Total Fiscal Impact of Form Based Code

	Scenario 1 2020	Scenario 2 2030
Estimated Annual General Fund Revenues Generated from South Hayward BART Station Area FBC	$380,360	$1,224,635
Estimated Annual General Fund Expenditures Generated from South Hayward BART Station Area FBC	$759,235	$1,627,218
Net Impact on City of Hayward General Fund	**($378,875)**	**($402,583)**
Annual Tax Increment Accrued to Redevelopment Agency as a result of new development in the S. Hayward BART Station Area FBC	$505,941	$1,835,880

Source: ERA|AECOM, 2010.

Table 16: Fiscal Impact with a CSD

	Scenario 1 2020	Scenario 2 2030
Estimated Annual General Fund Revenues Generated from South Hayward BART Station Area FBC	$380,360	$1,224,635
Estimated Annual General Fund Expenditures Generated from South Hayward BART Station Area FBC	$759,235	$1,627,218
Assumed CSD for New Housing at $500 per Unit [1]	$394,000	$886,500
Net Impact on City of Hayward General Fund	**$15,125**	**$483,917**
Annual Tax Increment Accrued to Redevelopment Agency as a result of new development in the S. Hayward BART Station Area FBC	$505,941	$1,835,880

[1] For all units including affordable units

Source: ERA|AECOM, 2010.